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No. 83-410

IN THE

Supreme Court of the United States

October Term, 1983

JUNE ROTH,

Petitioner,

v.

NATHAN PRITIKIN and PATRICK M. MC GRADY, JR.,

Respondents.

RESPONDENT PATRICK M. MC GRADY, JR.'S BRIEF IN OPPOSITION TO THE PETITION FOR CERTIORARI

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COUNTER-STATEMENT OF QUESTIONS PRESENTED

1. Should this Court grant certiorari to review the decision of the Court of Appeals that the New Copyright Act, effective January 1, 1978, does not operate retroactively to divest respondents Nathan Pritikin and Patrick M. McGrady, Jr. of their exclusive ownership of the copyright in recipes respondents hired June Roth to produce for a flat fee in 1977.

2. Should this Court grant certiorari to review the decision of the Court of Appeals affirming the findings of fact of the District that in 1977 Patrick M. McGrady, Jr. and Nathan Pritikin hired June Roth to supply recipes for their book, and she did so according to a valid agreement, on the basis of facts fully supported in the record.

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COUNTER-STATEMENT OF THE CASE

Proceedings Below

This action involves a book published by Grosset & Dunlap in 1979, which is entitled The Pritikin Program for Diet and Exercise and names as its co-authors Nathan Pritikin and Patrick M. McGrady, Jr., who are the respondents.

The action was brought by petitioner June Roth who had been hired by Messrs. Pritikin and McGrady to provide and re-

vise recipes for the book. Plaintiff contends that by virtue of her work she is entitled to judgment under the Copyright Act of 1978, 17 U.S.C. §101 et seq., (a) declaring she is a one-third owner of the copyright, and (b) an accounting by respondents for her share of all past and future royalties and profits.

Before handing down its decision, the District Court, sitting without a jury, received oral as well as written evidence. There was a conflict between the testimony of Mrs. Roth and respondents regarding petitioner's compensation and rights in the book. According to petitioner, she supplied the material but there was no agreement between the parties as to her rights and compensation. According to respondents who claim the exclusive copyright, they hired Mrs.

Roth, and according to their agreement she supplied the recipes for a flat fee.

The District Court chose to credit respondents' version of the facts and held that:

(a) Nathan Pritikin and Patrick M. McGrady are the sole and exclusive owners of the copyright;

(b) June Roth did not obtain any copyright;

(c) June Roth's contribution was a work for hire;

(d) According to the agreement between the parties, in 1977, Mrs. Roth supplied the recipes for a flat fee of $3,000.00; and,

(e) The revised Copyright Act effective January 1, 1978, 17 U.S.C.A. §101 et seq., does not alter the substantive rights of the parties.

The Court of Appeals affirmed the District Court's findings of fact and held that the agreement between Mrs. Roth and respondents was valid when it was

entered into, and the subsequently enacted Copyright Statute does not operate retroactively to divest Messrs. Pritikin and McGrady of their interest in the copyright.

Background of Dispute

In 1976, Patrick M. McGrady spent several weeks at the Longevity Center operated by Nathan Pritikin in Santa Barbara, California (J.A. 135, 211-212)* After his visit, Mr. McGrady wrote an article about the program which was published in Woman's Day magazine (J.A. 212). The article generated considerable interest among publishers and Mr. McGrady received several calls about the possibility of writing a book about

*Citations in the form "J.A. ____" refer to the pages in the joint appendix in the Court of Appeals.

Nathan Pritikin (J.A. 212-213). The publishers were interested in a contract with both Mr. McGrady, a successful professional author, medical writer and journalist, and Nathan Pritikin who was becoming increasingly well-known (J.A. 134, 172, 174-176, 197-198, 209-211).

In December 1976, Messrs. McGrady and Pritikin entered into two agreements to write a book which ultimately became The Pritikin Program for Diet & Exercise (J.A. 135-136, 173-174, 223-224, 488-503). The first contract was entered into by and among Grosset & Dunlap, Inc., Nathan Pritikin and Patrick McGrady on December 17, 1976 (J.A. 488-502). This contract provided that the publisher would pay Messrs. McGrady and Pritikin the sum of $100,000.00 as an advance against royalties for the exclusive right to publish their work (J.A. 588-502).

The second contract was a collaboration agreement entered into on December 30, 1976, whereby Mr. Pritikin agreed to provide his expertise and to cooperate and assist Mr. McGrady who undertook as his sole responsibility the actual writing of the manuscript (J.A. 497).

By May 1979, the book was for sale by retailers (J.A. 261).

From the beginning, both Nathan Pritikin and Patrick M. McGrady, Jr. agreed that the book would contain recipes (J.A. 137, 146, 153, 174-175, 224-225). The recipes would serve to name allowable ingredients and tell how to prepare acceptable foods into a regimented diet (J.A. 146, 259, 511).

Initially, Mr. Pritikin furnished the publisher with a copy of his center's booklet containing a 26-day program with recipes for four weeks (J.A. 153). The

publisher reviewed these recipes and found they required revision (J.A. 153). From this point, Mr. McGrady undertook to obtain a recipe section that would be acceptable to both the publisher and Nathan Pritikin (J.A. 153, 220-221, 242-243, 326, 328, 336, 459-469).

In late August of 1977, Patrick McGrady placed a telephone call to June Roth inquirying whether she would be interested in working on recipes for the book being written by Nathan Pritikin and him (J.A. 225-226). Plaintiff said she was interested, and they arranged to meet and discuss terms on August 30, 1977 (J.A. 27, 226).

There is a conflict between the testimony of Patrick M. McGrady, Jr. and June Roth about what happened at the meeting.

According to Mr. McGrady, he told

June Roth that Nathan Pritikin and he had a contract with Grosset & Dunlap to write a diet book for a very large advance which permitted them to pay for recipes to be included in the book (J.A. 291). He described the diet guidelines (J.A. 229). He told her he wanted:

1. Recipes for three weeks' meals including gourmet recipes for one week, and family and single's recipes for two weeks (J.A. 320, 323-324, 335, 471).

2. To accomplish this, she could either revise recipes by the Pritikin staff, adapt her own recipes, or both (J.A. 229, 333-334).

3. The recipes must conform to the Pritikin diet guidelines (J.A. 243).

4. The recipes were to be supplied within six weeks (J.A. 471).

5. All rights would belong exclusively to Messrs. Pritikin and McGrady (J.A. 233).

6. The work would be subject to approval by both Messrs. Pritikin and McGrady, and Mr. Pritikin would make the final determination as to the text of recipes to be included in the book (J.A. 326, 335-336).

According to Mr. McGrady, during the same meeting he also discussed terms for compensation with Mrs. Roth (J.A. 231-232). Initially, when he asked if she would do the work for a few hundred dollars, she said no (J.A. 231). Then, they discussed two alternative methods for compensation (J.A. 232):

1. First, he proposed that Mrs. Roth would be paid $1,500.00 plus a portion of receipts from magazine serializations of the book (J.A. 232).

2. Mrs. Roth said she would prefer $3,000.00 as a flat fee, according to Mr. McGrady (J.A. 232).

According to Patrick McGrady, he an

understanding that Nathan Pritikin had to approve whichever arrangement was made for compensation, and Mrs. Roth was willing to accept compensation by either of the two means proposed (J.A. 231-234, 242, 275, 285, 329-330, 333-336).

According to Mrs. Roth, no agreement on her rights and compensation was reached. According to her testimony, she asked Mr. McGrady to present to Nathan Pritikin her request for a $3,000.00 advance, future rights to a portion of the royalties, and the right to have her name both on the cover and on the inside flyleaf.

According to the testimony of Mr. McGrady, Mrs. Roth made no such request (J.A. 120, 182-183, 226-269, 278-281).

After the meeting, Mrs. Roth immediately commenced work on the recipes (36, 286, 359).

Meanwhile, Mr. McGrady conferred with Nathan Pritikin about the two alternative compensation proposals (J.A. 238, 241-242, 504-505). Patrick McGrady also wrote to Mr. Pritikin on September 9, 1977, setting forth the two alternatives, and asking for his approval of either one (J.A. 504-505).

Patrick McGrady also wrote Mrs. Roth on September 16, 1977, to confirm their understanding:

"Dear June,

> This letter will confirm our understanding whereby you will supply Nathan Pritikin and me with three weeks of menus and recipes consonant with the Pritikin Diet, and to provide before the end of September, 1977 a week of gourmet recipes, and within the following six weeks two weeks of family recipes and singles' recipes.
>
> You have proposed two means of compensation for your work. The first would be payment of $3,000.00 for all rights to the recipes. The

second would be payment of $1,500.00, plus one-half of all monies accruing from magazine or newspaper serializations of the book -- in direct proportion to the actual space occupied in the excerpts by the recipes. (Thus, if Woman's Day paid $10,000.00 for serialization of the book, and 40% of the space was devoted to your recipes, you would receive $2,000.00 from that serialization.)

Which of these methods we shall use shall be decided by Nathan Pritikin, and I shall inform you of his decision as soon as I hear from him on the matter.

Payment of your baseline compensation ($1,500 .00 or $3,000.00) will be made by us from our shares of the advance, payable in three equal installments from the next three payments from our publisher, Grosset & Dunlap.

If this does not accord with your understanding of our agreement, please let me know promptly." (J.A. 471)

According to Mr. Pritikin, he told Patrick McGrady that he would not approve any arrangement with Mrs. Roth envision-

ing an open ended obligation (142, 241). The flat fee arrangement was the only one acceptable to him (J.A. 142, 241).

In September 1977, Mr. McGrady confirmed to Mrs. Roth that the payment would be a flat fee of $3,000.00 (J.A. 241-242).

According to Mrs. Roth, she performed the work respondents hired her to do, but there was no agreement as to her rights and compensation (J.A. 66-67).

In October, 1977, Mrs. Roth delivered the recipes to Patrick McGrady (J.A. 36, 359).

Her work was reviewed by Mr. Pritikin and his staff to assure it complied with the guidelines (J.A. 326, 328, 335-336, 459-470). In their exercise of control over the contents of the recipes, Mr. Pritikin and his staff made substantial changes in recipes submitted by Mrs.

Roth (J.A. 335-336, 459-470). They chose not to include all of Mrs. Roth's recipes in the book (J.A. 336). Many recipes included in the book were not Mrs. Roth's (J.A. 155, 336).

June Roth was paid the $3,000.00 in three installments (J.A. 39, 143, 249, 251). She received the first installment on November 11, 1977, when Patrick McGrady gave her a check drawn by him and made payable to her order in the sum of $1,000.00* (J.A. 56-57, 249, 472).

When Patrick McGrady presented the check to petitioner, it contained the notation: "One-third payment for recipes" (J.A. 56-57, 249, 472).

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*Petitioner received a second check in the sum of $1,100.00 (J.A. 93, 484). On March 31, 1979, she received a third check in the sum of $1,000.00 (J.A. 94, 484). The parties were not clear as to the reason for the extra $100.00.

In the Spring of 1979, the book was published and almost immediately appeared on the best seller list in June or July, 1979, remaining there for almost one year (J.A. 259-261).

According to the testimony of Mrs. Roth, she first received a copy of the book in December, 1979, and she was shocked to find her name not being included on the cover or the copyright page (J.A. 43-44, 100, 125).

After December, 1979, petitioner requested additional compensation from Patrick McGrady, and she also discussed this request with Julian Bach, the respondents' literary agent (J.A. 50-51, 116, 121, 179-183).

According to Mr. McGrady, these requests by June Roth were made in terms of a favor in view of the book's success

despite the fact that she disclaimed legal entitlement to more than what she had already received (J.A. 234-235, 269-270).

According to Julian Bach, Mrs. Roth acknowledged she did not have a legal right to the further compensation she requested (J.A. 179-184). Having promised Mrs. Roth that he would refer her request to Nathan Pritikin, on November 19, 1980, he wrote Mr. Pritikin, stating that Mrs. Roth admits that she has no entitlement to any further payments (J.A. 510).

After all parties rested, Judge Griesa rendered his decision dismissing the complaint (J.A. 428-441). In his decision Judge Griesa made the following legal conclusions:

> 1. Nathan Pritikin and Patrick M. McGrady are the sole and exclusive owners

of the copyright. (A. 23)*

2. June Roth did not obtain any copyright. (A. 23)

3. June Roth's contribution was a work for hire. (A. 23)

4. There was an agreement for Mrs. Roth to supply recipes of her own and to work on recipes of Nathan Pritikin for a flat fee of $3,000.00. (A. 22)

5. The revised Copyright Act effective January 1, 1978, 17 U.S.C.A. §101 et seq., does not alter the substantive rights of the parties. (J.A. 437)

The Court of Appeals affirmed the District Court's finding of fact, stating:

> "Roth's initial challenge may be disposed of briefly. Notwithstanding appellant's attempt to denigrate the district judge's findings of fact, his conclusion that she entered into a lawful contract was fully supported by the evidence

*Citations in the form "A. ___" refer to pages in the appendix to the petition.

adduced at trial, and there is no basis for rejecting it as clearly erroneous. See Fed. R. Civ. P. 52(a); United States v. Yellow Cab Co., 338 U.S. 338 (1949); Stafford v. International Harvestor Co., 668 F.2d 142 (2d Cir. 1981).

McGrady's testimony concerning the oral agreement was corroborated by letters mailed to Pritikin discussing the terms of Roth's employment. In addition, the notation on the margin of Roth's first check indicated it was a one-third payment for her services, and appellant did not challenge the validity of this memorandum or attempt to clarify the perceived ambiguity in the terms of her arrangement with McGrady. Moreover, when pressed on cross-examination, Roth admitted there was no explicit statement by McGrady that the $3,000.00 represented an advance on royalties, but she merely 'construed' their conversation as indicated this was the bargain reached.

In sum, the evidence adduced at trial was inconsistent, and the judge was free to draw conclusions based upon his perception of the witnesses' credibility and demeanor. Newman v. Local 1101, Communication Workers of America,

> A.F.L.-C.I.O, 597 F.2d 833, 836 (2d Cir. 1979). Roth has not met her burden of demonstrating the district court's findings were clearly erroneous, and accordingly, we must decline her invitation to reverse them. (A. 6-7)

On the legal issue involving the effect of the revised Copyright Act of 1978, 17 U.S.C. §101 et seq., the Court of Appeals affirmed the District Court's conclusion of law that Messrs. McGrady and Pritikin were the exclusive owners of any interest in the copyright in the recipes Mrs. Roth was hired to do (A. 9-13).

REASONS WHY THE PETITION SHOULD BE DENIED

The decision of the Court of Appeals, was fully supported by evidence adduced at trial. It does not conflict in any way with prior decisions of this court. In addition, the Court of Appeals' decision does not conflict with

any decision of any other Circuit Court of Appeals. Finally, the Court of Appeals' decision does not raise an important federal question which must be decided by this Court. Its effect on the general scheme of federal regulation in the area of copyright is de minimus.

POINT I

THE RECORD CLEARLY SUPPORTS THE DISTRICT COURT'S FINDING THAT THE COPYRIGHT IS THE EXCLUSIVE PROPERTY OF THE RESPONDENTS, FOR JUNE ROTH WAS HIRED ACCORDING TO AN AGREEMENT TO SUPPLY RECIPES TO BE INCLUDED IN THE BOOK FOR A FLAT FEE

Before handing down its decision, the District Court, sitting without a jury, received oral as well as written evidence. There was a conflict between the testimony of Mrs. Roth and Mr. McGrady regarding petitioner's compensation and rights in the book. According to June Roth, she supplied the material

but there was no agreement between the parties as to her rights and compensation. According to Mr. McGrady, respondents hired Mrs. Roth, and according to their agreement she supplied the recipes for a flat fee.

The District Court having seen and heard the parties chose to discredit June Roth's version of the facts and chose to credit the respondents that (a) according to an agreement between the parties Mrs. Roth supplied the recipes for a flat fee, and (b) she derived no property interest in the recipes' copyright because her contribution to the book constitutes a work for hire (J.A. 439-441).

The District Court's finding based as it is on the testimony of the parties, may not be overturned unless it is clearly erroneous. Mamiye Bros. v. Barber Steamship Lines, Inc., 360 F.2d

774, 776-778 (2d Cir. 1966), cert. den. 385 U.S. 835 (1966). Nothing short of that can be ground for reversal.

We submit that the District Court's finding affirmed by the Court of Appeals that respondents hired petitioner to supply recipes for a flat fee and she did so according to their agreement was surely not clearly erroneous.

A. THE RECORD CONFIRMS THE EXISTENCE OF A CONTRACT

The record reveals that the course of conduct between petitioner and respondents taken together with the course of events from August of 1977, through March of 1981, spell out a binding contract between June Roth and the respondents.

1. THE TESTIMONY OF PATRICK MC GRADY SHOWS THERE WAS AN AGREEMENT

The testimony of Patrick McGrady

shows that in September of 1977, a binding agreement came into existence according to which petitioner for a flat fee would supply recipes to be included in the respondents' diet book. According to Mr. McGrady, during his meeting with petitioner on August 30, 1977, he told her what he wanted: (a) Recipes for three weeks' meals (J.A. 320, 323-324, 335, 471); (b) The recipes must conform to the Pritikin diet guidelines (J.A. 243); (c) The recipes were to be supplied within six weeks (J.A. 471); (d) All rights would belong exclusively to Messrs. Pritikin and McGrady (J.A. 233); and (e) petitioner's work would be subject to approval by both Messrs. Pritikin and McGrady and Mr. Pritikin would make the final determination as to the text of recipes to be included in the book (J.A. 326, 335-336).

The testimony of Patrick McGrady also shows that he and Mrs. Roth ended their meeting with the understanding that she was willing to undertake the work according to these terms for compensation to be paid by whichever one of two arrangements -- a $3,000.00 flat fee, or $1,500.00 plus a percentage of receipts from magazine serializations -- Nathan Pritikin approved (J.A. 231-234, 242, 275, 285, 329-330, 333-336).

After conferring with Nathan Pritikin and obtaining his approval for the flat fee arrangement, the testimony of Patrick shows he confirmed to Mrs. Roth that payment would be a flat fee of $3,000.00 (J.A. 241-242).

Further, the testimony of Patrick McGrady shows that after petitioner delivered the recipes he paid her by check in the sum of $1,000.00 on November 11,

1977, and the check contained the notation: "One-Third payment for recipes." (J.A. 56-57, 249, 472).

The testimony of Patrick McGrady shows that after 1979, petitioner requested more compensation as a favor in view of the book's success, following more than six months after the book was published and first appeared on the best seller's list (J.A. 270).

Crediting respondents' version of the facts, the District Court found that the two letters of Patrick McGrady, dated September 9th, and September 16, 1977, constitutes contemporaneous records of discussions in terms consistent with his testimony (J.A. 439, 471, 504).

2. TESTIMONY OF JULIAN BACH SUPPORTS THE EXISTENCE OF A BINDING AGREEMENT

The testimony of Julian Bach shows that after December, 1979, Mrs. Roth also

spoke to him about her request for additional compensation although acknowledging she had no legal right to further compensation (J.A. 179-184).

3. PETITIONER'S CONDUCT MANIFESTS HER INTENTION TO BE BOUND BY THE AGREEMENT

The record shows that immediately following the August 30, 1977, meeting between Patrick McGrady and June Roth, her conduct was in accordance with the contract.

Immediately after the meeting she commenced work on the recipes (J.A. 36, 66, 359).

She delivered all the recipes to Patrick McGrady in October, 1977 (J.A. 36, 359).

When Patrick McGrady gave her the first installment by check in the sum of $1,000.00, she accepted it without protesting the notation on the check, which

read "One-third payment for recipes." (J.A. 90-91, 249, 347-348)

During the course of trial, petitioner conceded she understood the difference between the terms "payment" and "advance" (J.A. 58).

The District Court also observed the two-year time lapse during which petitioner did nothing to assert the rights she now claims, stating:

> "Another circumstance is the failure of Mrs. Roth to make any memorandum of her understanding of the state of the negotiations, her failure to take any steps to obtain a contract of the kind she asserts she requested, giving her a right to ownership in the book, her failure to make any complaint or follow-up request for such rights from the time of her discussions in the fall of 1977, all the way to the winter of 1979, months after the book had been published.
>
> Even according to her own testimony, there was this two-year lapse during which time she did nothing to assert her rights or

> the rights she alleges she was insisting on.
>
> She is a professional writer. She is now the president of a writers' organization, she is familiar with practices in the field of writing books, and if she indeed was expecting to have a share in the copyright and ownership of the book, she took no effective steps to assert that claim, for a very long period of time.
>
> Unfortunately, this makes it difficult to accept her version of the facts as distinct from the defense version." (A. 22-23)

Clearly, the District Court's finding affirmed by the Court of Appeals of a binding contract was made in accordance with long established principles and in view of the testimony of the parties taken together with their conduct and events from the meeting of August 30, 1977, through and until February, 1981, when petitioner filed this action.

Straining to avoid the contract,

petitioner contends that the contract was too indefinite, and, therefore, no agreement exists. Petitioner unsuccessfully made this same abortive challenge in both the Court of Appeals and the District Court, stating that the parties had not agreed upon the number of recipes petitioner would be required to supply (367). "The last refuge of a defaulting party to a contract is the defense of indefiniteness." Banker's Trust Co. v. Steenburn, 95 Misc.2d 967, 409 N.Y.S.2d 51 (Sup. Ct. Chautauqua Co. 1978).

The job petitioner was hired to perform called for three weeks' recipes (471). Petitioner never considered the absence of a term fixing the number of recipes to be supplied to be fatal to the agreement. Indeed, she delivered the menu section containing three weeks' menus by October 3, 1977 (36, 359). The

plain inference to be drawn from the conduct of the parties would indicate that the contract term calling for three weeks' menus was reasonably definite. Obviously, petitioner thought so.

POINT II

THE REVISED COPYRIGHT ACT, EFFECTIVE JANUARY 1, 1978, 17 U.S.C. 101 ET SEQ., DOES NOT OPERATE RETROACTIVELY TO DIVEST RESPONDENTS OF THEIR EXCLUSIVE OWNERSHIP OF THE COPYRIGHT

Asserting her claim under the New Copyright Act, June Roth concedes she obtained no rights under the law in force at the time she accepted payment for her work. It is also clear that the New Act does not grant her greater rights.

June Roth's claim that the New Act does so is based upon an egregious misreading of the statute and blatant disregard of general principles of statutory construction.

June Roth's claim is in essence, that the recipes do not qualify as "work for hire" as defined by §101 of the New Act, and, therefore, she is a co-author of the diet book which includes her recipes. Relying upon §301 of the New Act, Mrs. Roth contends that the New Act's definition of "work for hire" should govern determinations involving issues of ownership in all works whether created before or after January 1, 1978.*

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*The case of Heiner v. Donnan, 285 U.S. 312 (1932) relied upon by petitioner is inopposite. In the Heiner case, this Court held that §302 of the Revenue Act of 1932 which created a conclusive presumption that gifts made within two years prior to death of the donor were made in contemplation of death violates the due process clause of the Fifth Amendment. Earlier revenue rules created a rebuttable presumption which was made irrebuttable by the Act of 1926. The government took the position that this newly created conclusive presumption was a rule of substantive law, and, regarded as such, should be upheld. In its decision, this Court stated that whether it be treated as a rule of evidence or of substantive

A brief discussion of the facts and law pertaining to petitioner's claim will clearly expose the fatal infirmities in her claim and demonstrate that the statute does not operate to retroactively divest respondents of their contractual and copyright interests which belonged to them prior to the effective date of the New Act.

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*(Footnote Cont'd.):
law, this conclusive presumption operates unfairly to deny a fair opportunity to rebut it. Heiner, supra at 329.

In the instant case petitioner contends in her brief at page 13 that the New Act's definition of "work for hire" should be applied retroactively to govern determinations involving issues of ownership in all works whether created before or after the effective date of the New Act: January 1, 1978. In the decision of the Court of Appeals, Judge Kaufman rejected this contention because the New Act's language and legislative history and generally applicable rules of statutory construction all mandate prospective application of the rules governing work for hire agreements (A. 8-11).

A. THE COPYRIGHT VESTED EXCLUSIVELY IN RESPONDENTS IN ACCORDANCE WITH THE "WORK FOR HIRE" DOCTRINE AS IT APPLIED IN 1977, WHEN PETITIONER ACCEPTED A FLAT FEE FOR HER WORK

Under the law in force at the time, Mrs. Roth supplied the recipes according to her agreement with respondents, the established principle of common law and statutory copyright deemed the employer commissioning party to be the exclusive owner of works made for hire. Bleistein v. Donaldson Lithograph Co., 188 U.S. 239 (1903); May v. Morganelli-Heumann & Associates, 618 F.2d 1363 (9th Cir. 1980); Murray v. Gelderman, 566 F.2d 1307 (5th Cir. 1977); Seigel v. National Periodical Publications, 508 F.2d 909 (2d Cir. 1974); Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213 (2d Cir. 1972) cert. den. 409 U.S. 997 (1972); Scherr v. Universal Match Corp., 417 F.2d 497 (2d Cir.

1969) cert. den. 397 U.S. 936 (1970); Brattleboro Publishing Co. v. Winmill Publishing Co., 369 F.2d 565 (2d Cir. 1966); Yardley v. Houghton Mifflin, 102 F.2d 28 (2d Cir. 1939); Copyright Act of 1909, 17 U.S.C. 9 and 26, as amended (1970), revised in its entirety by Pub. L. 95-553. Title I, §101, 17 U.S.C. 101 et seq., effective January 1, 1978, [hereinafter the Copyright Act of 1909 is referred to as the 1909 Act, and the revised Copyright Act, effective January 1, 1978 is referred to as the New Act].

Under the dual system of "common law copyright" for the unpublished work and "statutory copyright" for published works, the common law copyright initially vested in the employer of a work for hire, and upon publication the subsequently obtained statutory copyright vested in such employer unless there had

been a prior transfer of ownership of the common law copyright. Nimmer, 1982 Ed. §5.01[B].

Section 26 of the 1909 Act ". . .represent[ed] a codification of the so-called 'work-for-hire doctrine' recognized by the Supreme Court in Bleistein v. Donaldson Lithography Co., 188 U.S. 239, 28 S. Ct. 298, 47 L. Ed. 460 (1903)"; Murray v. Gelderman, 566 F.2d 1307, 1309 (5th Cir. 1978), creating a presumption of copyright in the employer of a work for hire which can be overcome by evidence of a contrary agreement between the parties. Scherr v. Universal Match Corp., 417 F.2d 497, 500 (2d Cir. 1969); Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565 (2d Cir. 1966). "Authors" according to §9 of the 1909 Act are entitled to claim ownership to the copyright and exercise it in

the first instance. 17 U.S.C. 9, as amended (1970). Section 26 of the 1909 Act defines "author" to "include an employer in the case of works for hire." 17 U.S.C. 26, as amended (1970). [Emphasis added].

Under the "work for hire" doctrine extant prior to January 1, 1978, works for hire could be the creation of either an employee or commissioned party. Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir. 1972) cert. den. 409 U.S. 997 (1972); Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir. 1965); Brattleboro Publishing Co. v. Winmill Publishing Corp. 369 F.2d 565, 567-568 (2d Cir.d 1966); Yardley v. Houghton Mufflin Co., 108 F.2d 28, 30-31 (2d Cir. 1939); Somret & Wells, Inc. v. Shalom Toy Co., Inc., 429 F. Supp. 895 (EDNY 1977).

The concept of "employer" of works for hire was not definitive, but, rather, conclusive. The 1909 Act did not define "works for hire". 1909 Act, 17 U.S.C. 26, as amended (1970). "The purpose of the [1909] statute [was] not to be frustrated by conceptualistic formulations of the employment relationship." Picture Music, Inc. v. Bourne, Inc., supra, p. 1216.

The crucial factors in the determination of a "hire" relationship include the issue of whether the "motivating factor" in producing the work was the one at whose instance and expense an employee or independent was engaged to do the work. Siegel v. National Periodical Pub. Inc., 508 F.2d 909, 914 (2d Cir. 1974) quoting Picture Music, Inc. v. Bourne, Inc., supra; Murray v. Gelderman, 566 F.2d 1307, 1310 (5th Cir. 1978):

> ". . . That doctrine is applicable only when the employee's work is produced at the instance and expense of the employer, Brattleboro Publishing Corp., 369 F.2d 565, 567 (2d Cir. 1966), or, in other words, when the 'motivating factor in producing the work was the employer who induced the creation . . .,' Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir.), cert. den., 409 U.S. 997, 93 S.Ct. 320, 34 L.Ed. 2d 262 (1972)." Siegel v. National Periodical Pub., Inc., supra at 914. (Emphasis added).

The record clearly shows that respondents originated the diet book project (J.A. 135, 211-218). Mr. McGrady and Mr. Pritikin were able to obtain a publishing contract providing a substantial advance (J.A. 134, 172, 174-176, 197-198, 209-211, 488-502). This permitted them to take the initiative and hire petitioner to supply recipes for a flat fee.

Another critical factor is whether

one who engages another has the right to direct and supervise the manner in which the work is performed. Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir. 1972); Scherr v. Universal Match Corp., 417 F.2d 497, 500 (2d Cir. 1969); Murray v. Gelderman, 566 F.2d 1307, 1310 (5th Cir.d 1978).

The testimony of Patrick McGrady shows that respondents did direct and control petitioner's work requiring strict compliance with the diet guidelines; and that respondents had the power to accept, reject, or modify her work, and they exercised it (J.A. 242-243, 335-336, 459-470).

The District Court's determination affirmed by the Court of Appeals that petitioner's contribution was a "work for hire" is not clearly erroneous (J.A. 428-441). It is abundantly clear that June

Roth's contribution was work done for hire within the meaning of that term as used in the common law and statutory copyright law in force at the time petitioner accepted a flat fee payment for the recipes she supplied in 1977. The "motivating factor" in producing the recipes was the respondents. Mr. McGrady, an accomplished author and medical writer, and Mr. Pritikin whose diet program was enjoying growing popularity, were able to obtain a publishing contract which provided a $100,000.00 advance. This permitted them to hire Mrs. Roth to supply recipes to be included in the book. They took the initiative in engaging her. They directed and controlled her work, requiring that the recipes comply with the strict guidelines of the Pritikin diet. They had the power to accept, reject, or modify her work, and

they exercised it.

Petitioner in turn supplied the recipes in October of 1977, and she accepted a flat fee payment in November of 1977. Mrs. Roth was not working for herself, but rather for Messrs. McGrady and Pritikin according to their agreement.

Petitioner made no effort to rebut the presumption of ownership in respondents. Petitioner submitted no evidence to show the parties intended to contract contrary to the presumption of the work for hire doctrine. Indeed, petitioner has taken the position that the parties never reached any agreement regarding her rights (J.A. 55).

B. SECTION 301 OF THE NEW ACT CREATES A SINGLE FEDERAL SYSTEM FOR COPYRIGHT PROTECTION

The New Act was signed by the President on October 19, 1976, but its effec-

tive date was postponed to January 1, 1978. Pub. L. No. 94-553, 90 Stat. 2541 (1976), 17 U.S.C. Sections 1 - 810, effective January 1, 1978. The revised Act amends in its entirety the United States Copyright Law. 1909 Copyright Law, 17 U.S.C. §1 et seq., amended by Public Law 94-553, 90 Stat. 254 (1976), signed effective January 1, 1978. This amendment includes a revision of the "work for hire" doctrine and creation of a single national copyright law. New Act, 17 U.S.C. 101 and 301, effective January 1, 1978.

The dual system of protecting works under common law before publication and under the 1909 Act after publication is pre-empted and abolished according to §301 of the New Act which creates in place thereof a single unified system of federal statutory protection for all

published and unpublished works. New Act, 17 U.S.C. 301.

Section 301(a) of the New Act reads:

> "(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in the works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State." (Emphasis added).

C. THE NEW ACT EXPRESSLY MANIFESTS THE INTENTION TO BE OPERATED PROSPECTIVELY AND, THEREFORE, DOES NOT DIVEST RESPONDENTS OF THEIR EXCLUSIVE OWNERSHIP OF THE COPYRIGHT

"Acts of Congress are generally to be applied uniformly throughout the country from the date of their effectiveness

onward." United States v. Estate of Donnelly, 397 U.S. 286, 294 (1970). "A retroactive . . . law, in the legal sense, is one that takes away or impairs vested rights acquired under existing laws, or crates a new obligation . . . in respect of transactions or considerations already past." 82 C.J.S. Statutes, §412.

To grant the relief petitioner seeks requires giving the New Act retroactive operation. To grant the relief petitioner seeks under the New Act of a property interest in the diet book would be to impair property rights belonging to respondents in the copyright which vested in past transactions when the 1909 Act was in full force and effect.

In its decision in Green v. U.S., 376 U.S. 149, 160 (1964), the Supreme Court stated the well-settled rule of

construction that statutory enactments operate prospectively unless there is clear legislative intent to make them operate retrospectively. The Court stated: "the first rule of construction is that legislation must be considered as addressed to the future, not to the past * * * [and] a retrospective operation will not be given to a statute which interferes with antecedent rights * * * unless such be 'the unequivocal and inflexible import of the terms, and the manifest intention of the legislature.'" Green v. U.S., 376 U.S. 149, 160 (1964). (Emphasis added).

The manifest and unequivocal intention of the statute to operate prospectively is shown by the following:

1. Section 301 of the New Act expressly states that it shall apply "on and after January 1, 1978." New Act, 17

U.S.C. 301(a).

In the Court of Appeals decision, Judge Kaufman stated:

> "Roth's interpretation of §301, while imaginative, is wholly unsupported by the congressional intent, as indicated both by the terms of that provision and its legislative history. Fairly read, §301 merely provides the rights accruing to the owner of a copyright, those 'specified in section 106,' are defined pursuant to the 1978 Act, rather than prior law. Whoever holds an interest in a copyright on or after January 1, 1978, has a right to the protections afforded by the new statute, although the creative work may previously have been governed by the 1909 Act or the common law. Section 301 does not, however, purport to determine who holds a copyright for works created before January 1978. It merely clarifies the rights of individuals owning copyrights on that date, whomever they may be."

* * *

Judge Kaufman continued:

> "Nothing in the House or Senate reports accompanying the proposed Copyright Act evinces an intention to have the work

> for hire provisions retroactively apply. The total absence of consideration of the issue by the drafters would be sufficient to undercut Roth's claim, for it is well-settled 'that a retrospective application will not given a statute . . . unless such be ' the unequivocal and inflexible import of the terms, and the manifest intention of the legislature.'' Union Pacific R.R. Co. v. Laramie Stock Yards Co., 231 U.S. 190, 199 (1913) (citations omitted); see United States v. Security Indus. Bank, 51 U.S.L.W. 4007, 4010 (U.S. Nov. 30, 1982); Green v. United States, 376 U.S. 149, 160 (1964)."

2. The New Act was signed by the President in 1976, but its effective date was postponed to January 1, 1978. New Act, 17 U.S.C. 101 et seq. "If there has been postponement of effective date of statute that is some evidence that retroactive application was not intended." Ocean & Atmospheric Science, Inc. v. Smyth Van Line, Inc., 446 F. Supp. 1158 (S.D.N.Y. 1978).

3. Section 201 of the New Act governing determination of initial copyright ownership describes the person who initially owns a "work for hire" in terms consistent with the doctrine in effect under the 1909 Act.

According to §201(a) copyright vests initially in the author of the work. Section 201(b) governs vesting of ownership in "works for hire":

> "Works Made for Hire.--In the case of a work made for hire the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright." New Act, 17 U.S.C. 201(b). (Emphasis added).

In the event all the indicia of ownership were present while the 1909 Act was extant, §201(b) of the New Act preserves that right.

Describing the owner of a "work for hire" as a "person for whom the work was prepared", avoids impairment of ownership already vested at the time the 1909 Act was in effect. The definition of "works for hire" contained in §101 of the New Act applies to works prospectively to determine ownership in "works for hre" not yet vested as of January 1, 1978, the effective date of the New Act.

In the case of May v. Morganelli-Heuman & Assoc., 618 F.2d 1363, 1368 (9th Cir. 1980), the Court would not give retroactive effect to the definition of "work for hire" contained in §101. The Court applied the doctrine in force under the 1909 law at the time the indicia of ownership vested in the independent contractor who might not have qualified as owner under the New Act.

4. The manifest intent of the New

Act is to operate prospectively so as not to impair substantive rights, such as ownership, applies equally to vested causes of action already existing prior to its effective date. The intention not to impair vested causes of action is manifested in §301(b)(2) of the New Act which reads:

> "(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to -
>
> * * * *
>
> (2) any cause of action arising from undertakings commenced before January 1, 1978; (Emphasis added).

"The cause of action is the concurrence of the facts which give rise ot an enforceable claim." U.S. v. Standard Oil of California, 21 F. Supp. 645 (S.D. Calif. 1937). "While it is generally held that there is no vested right in any particular mode of procedure or remedy,

Am. Jur. (2d), Constitutional Law, §427 quoted in Superior Motors, Inc. v. Winnebago Industries, Inc., 359 F. Supp. 773 (D.S.C. 1973), [i]t is clear that a right of action may be vested, and, if so, it becomes the property of him in whom is is vested. . ." Barr v. Preskitt, 389 F. Supp. 496 (D. Ala 1975), Jacobus v. Colgate, 217 N.Y. 235, 240-244, 111 N.E. 837 (1916). A remedial statute is not retroactive merely because it may depend upon antecedent facts for its operation. Chovan v. E.I. DuPont De Nemours & Company, 217 F. Supp. 808 (E.D. Michigan 1963) citing Cox v. Hart, 260 U.S. 427, 435 (1922).

"Accordingly, [t]he general rule that statutes are to be construed as prospective only . . . does not automatically apply to remedial or procedural statutes which do not enlarge, diminish

or destroy contractual or vested rights but relate only to remedies . . . not within the rule against retroactive operations, [which] are generally held to operate retroactively." 82 C.J.S. Statutes, §416.

In cases involving the determination of the issue whether the pre-emption section of the New Act precludes relief sought, §301(b)(2) has been construed literally to preserve causes of actions arising out of works created or commenced prior to 1978, May v. Morganelli-Heumann & Assoc., 618 F.2d 1363, 1368 (5th Cir. 1980); Meltzer v. Zoller, 520 F. Supp. 847, 854 (D.N.J. 1981) DC Comics, Inc. v. Filmation Associates, 486 F. Supp. 1273, 1278 (S.D.N.Y. 1980); Orth-O-Vision, Inc. v. Home Box Office, 474 F. Supp. 672, 684 (S.D.N.Y. 1979), while other cases have given §301(b)(2) a more limitd construc-

tion to preserve cause of action arising prior to 1978, Burke v. National Broadcasting Company, 598 F.2d 688, 691 n.2 (2d Cir. 1979); Birnbaum v. United States, 588 F.2d 319, 326 n.15 (2d Cir. 1978), Strout Realty, Inc. v. Country 22 Real Estate, 493 F. Supp. 997, 999-1000 (W.D. Mo. 1980); Bromhall v. Rorvik, 478 F. Supp. 361, 366 (R.D. Pa. 1979).

The New Act clearly intends to preserve rights and expectancies arising out of past transactions. No Congressional intention is expressed to retroactively apply the definition of "work for hire" contained in §101 of the New Act to take away ownership of "works for hire" vesting prior to 1978. Indeed, the Congressional intention as manifested under Sections 201(b) and 301(b)(2) of the New Act clearly calls for prospective appli-

cation to preserve existing rights.

CONCLUSION

The writ of certiorari should be denied with costs.

Respectfully submitted,

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